



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9676]

RIN 1545-BJ59

Allocation and Apportionment of Interest Expense; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains corrections to final regulations (TD 9676) that were published in the **Federal Register** on Wednesday, July 16, 2014 (79 FR 41424) providing guidance concerning the allocation and apportionment of interest expense by corporations owning a 10 percent or greater interest in a partnership, as well as the allocation and apportionment of interest expense using the fair market value method. These regulations also update the interest allocation regulations to conform to the statutory changes made by section 216 of the legislation commonly referred to as the Education Jobs and Medicaid Assistance Act (EJMAA), enacted on August 10, 2010, affecting the affiliation of certain foreign corporations for purposes of section 864(e). These regulations affect taxpayers that allocate and apportion interest expense.

DATES: This correction is effective on **[INSERT DATE OF PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER]**, and is applicable July 16, 2014.

FOR FURTHER INFORMATION CONTACT: Jeffrey L. Parry at (202) 317-6936 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

The final regulations that are the subject of this document are under section 864(e) of the Internal Revenue Code.

Need for Correction

As published, final regulations (TD 9676) contain errors that may prove to be misleading and are in need of clarification.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Correction of Publication

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 1.861-9 is amended by revising the third to the last sentence of paragraph (h)(4)(iii)(A) to read as follows:

§1.861-9 Allocation and apportionment of interest expense.

(h) * * *

(4) * * *

(iii) * * *

(A) * * * The value of these assets has been determined using generally accepted valuation techniques, as required by §1.861-9T(h)(1)(ii). * * *

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